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SUBJECT: THE WIDENING EFFECTS OF TURKEY'S DROUGHT

11. (SBU) Summary: Turkey is experiencing its hottest and driest summer in 78 years, and the drought is having a widening impact across the country. Coming after a dry winter that failed to fill water reservoirs, the drought has caused severe water shortages, particularly in Ankara province, which instituted water rationing on August 1. Forest fires have hit central and western Turkey, including coastal tourism zones. Hydro-electricity production is dropping at the same time as electricity consumption is increasing, resulting in higher prices and possible brownouts. Turkey's agricultural harvest will be hit hard, and food imports -- and prices -- will increase. The Central Bank Governor cited increasing food and electricity prices from the drought as reasons he may not be able to cut interest rates soon. Ankara officials have expressed concern about potential public health problems due to a shortage of potable water. While GOT officials express confidence that they can contain the drought's negative impact, public outcry over long-term water rationing, higher prices, electricity shortages and a perceived lack of timely action could catch the new government by surprise. End Summary.

12. (SBU) Turkey is currently experiencing a record dry spell, culminating in one of the hottest and driest summers in 78 years. Turkey's State Water Works (DSI) Department Head for Dams, Hasan Ozlu, told us on July 30 that Turkey has received 16.5% less rain in 2007 than 2006, resulting in water levels in reservoirs that are 12% lower than the same period last year. Ozlu noted that this is not the first time that Turkey has faced drought and it is prepared to take quick action to minimize the impact of the water shortage.

Ankara's Water Crisis

13. (SBU) Murat Dogru, senior advisor to Ankara Mayor Melih Gokcek, told us that there are only 170 million cubic-meters of water remaining in Ankara's reserves, and Ankara's daily water use is approximately one million cubic meters. If it does not rain, Ankara only has about five months worth of water reserves remaining. In addition, winter snowfall, which usually provides the bulk of Ankara's water reserves for the coming summer, will not come in time to alleviate this year's problems. With the planned rationing, which will completely shut off water supplies alternatively to the north and south regions of the city every two days, water usage is planned to be cut to 500,000 cubic-meters daily.

14. (SBU) Ankara Municipality's Water Supply Unit (ASKI) officials told us that DSI has allocated an extra 166 million cubic meters from Kesik Kopru dam (near Kirsehir in East Central Anatolia) on the

Kizilirmak River, but the pipes being constructed to provide this extra supply to users will not be ready until December 2007 (although DSI officials told us it could be completed in October). The Ankara Municipality is also building water pumping stations to facilitate the distribution. Ankara will have 750,000 cubic meters of water daily from this pipeline once the project is completed.

¶15. (SBU) Ankara is not the only city facing water shortages and possible rationing. Water reserves in the reservoirs of the Edirne, Tekirdag and Kirklareli provinces are only at 47% capacity. In addition, the water level of the Manyas Lake in northwest Turkey near Balikesir, one of Turkey's most important bodies of water, has shrunk by more than 2 kilometers, which raises concern, particularly for area fishermen.

Agricultural Impact

¶16. (SBU) DSI Head Ozlu argued that because only 5 million of Turkey's 25 million total hectares of agricultural land require irrigation, the drought's direct impact on farming is not widespread. According to him, the heat wave has hurt farms mostly in Turkey's western region, including the Menderes basin near the Aegean coast. Grape and olive orchards in this region and fig producers have been seriously impacted, affecting not only the producers but also exporters. Ozlu says the east and southeast regions received a substantial amount of rain throughout the season, thereby leveling the amount of total water reserves in Turkey.

¶17. (SBU) DSI, in cooperation with the Ministry of Agriculture and Rural Affairs (MARA), is providing water to farms from Turkey's water reserves. In addition, in order to minimize the drought's impact on the harvest, DSI officials have worked with farmers to

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identify wasteful practices while encouraging drip irrigation techniques to funnel water to fruit harvesting. DSI officials told us that the farmers and government officials have reached a consensus on the techniques and measures to be employed, but a resulting decline in this year's harvests cannot be avoided.

¶18. (SBU) Agriculture officials, however, paint a much more negative picture and tell us that all field crops grown in the rain-fed Central Anatolia, Aegean, and Marmara regions have been seriously affected. Reduced harvests are expected for grains, industrial crops such as cotton, sunflower, and sugar beets, fodder crops, and all types of fresh fruits and vegetables. In addition, Turkey is expected to increase its annual average wheat imports from 1 MMT to at least 2 MMT this year to meet its domestic demand, including for flour production and pasta exports. Turkey may also import some corn in 2007, depending on the prices of other feed grains such as wheat and barley, and is also projected to import significant quantities of rice and cotton.

Consequences of a Smaller Harvest

¶19. (SBU) During a July 30 meeting (see SEPTTEL), Central Bank Governor Durmus Yilmaz told us that even the bank's ability to control inflation in Turkey has been affected by the weather. Yilmaz said that one reason he may not be able to cut interest rates as quickly as the GOT and business sectors want is because he expects increased food and electricity prices resulting from the drought.

Drought, Heat Increase Incidence of Forest Fires

¶10. (SBU) DSI and municipal officials are confident that despite the water shortage and the heat wave, there is sufficient water available for battling forest fires. Recently fires erupted in Alanya/Antalya, Bodrum, and Marmaris in major coastal tourism centers, and also in Ankara's Oran forest, which is located within the heart of the capital. The Ankara fire department conceded that putting out the Oran fire was difficult due to the heat and wind.

Potable Water Shortages May Affect Public Health

¶11. (SBU) Ankara's distance from Turkey's major water reserves makes it a difficult area to which to pump water during times of drought. It is not only suffering from a lack of water supply, but also from a lack of potable water. Low-income families still rely on tap water for drinking and officials project that water rationing will increase water-born health problems.

Electricity Price Increases/Power Cuts Possible

¶12. (SBU) Contrary to speculation, Ozlu refuted concerns that Turkey would also experience sporadic electricity shortages throughout the summer. Hydropower plants produce 30% of Turkey's electricity but Ozlu said any shortages from these generators could be met by increasing the capacity in other types of power facilities such as thermal power plants. He admitted, however, that there would be an increase in cost, which will be passed to consumers. Turkish manufacturing industry will be negatively affected by any price hikes in electricity. Milliyet daily reported on July 31 that Energy Minister Guler chaired an electricity summit to discuss increased electricity consumption caused by the heat wave. Turkey's average electricity consumption is 520,000 megawatt-hours per day. Consumption increased to 570,000 megawatt-hours in 2007 and peaked at 600,000 megawatt-hours during the week of July 22. In a press conference after the meeting, Guler said that even though electricity consumption is higher than expected, electricity cuts were not needed and new investments were being made to increase production alternatives to hydropower.

Paying the Costs

¶13. (SBU) Comment: Short-term losses from the drought will be felt first by farmers and exporters, then by Turkish consumers hit by increased food and electricity prices. There may also be a

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political cost. Experts had been warning about water shortages since Ankara received an abnormally small amount of snowfall last winter, but government officials have been focused on elections and other political issues. Former government officials and experts are criticizing Mayor Gokcek for refusing to take unpopular action on water prior to the July 22 elections for fear it could have diminished the AK Party's showing. Four Ankara municipality officials recently resigned over the Mayor's water rationing plan. The government also is being criticized for not starting construction of the new Ankara water supply pipe project before May, delaying its completion (and the lifting of water rationing) until December. There is potential for public outcry over long-term water rationing, higher prices, electrical shortages and the perceived lack of timely action to catch the new government by surprise. End Comment.